The Serate and House of Representatives of the United States:

An appalling calamity has befallen the American people since their chosen Representatives last met in the halls where you are now assembled. We might else recall with unalloyed content the increased prosperity with which throughout the year the Nation has been blessed. Its harvests have been plenteous; its varied industries have thriven; the health of its people has been preserved; it has maintained with foreign Governments the undisturbed relations of amity and peace. For these manifestations of His favor we owe to Him who holds our destiny in His hands the tribute of our grateful hearts.

To that mysterious exercise of will which has taken from us the loved and illustrious citizen who was but lately the head of the Nation, we how in sorrow and submission to the memory of his exalted character, of his noble achievements, and of his patriotic life; will be treasured forever as a sa red possession of the whole people. The announcement of his death drew from the foreign governments and people tributes of sympathy and sorrow, which history will refore a signat tokens of kinship of nations and the federation of mankind. The feeling of good will between our government and that of Great Britain was never more marked than at present. In recognition of this pleasing fact, I directed on the occasion of the late centennial celebration at Yorktown that a salute be given to the British flag.

British flag. PANAMA CANAL.

Save the correspondence to which I shall hereafter refer is relation to the proposed canal across the Isthmus of Panama, little has occurred worth mention. In the diplomatic relations of the countries early in the year the Fortune Bay claims were satisfactorily settled by the British Government paying the sum of fifteen thousand pounds, most of which has already been distributed as the terms of settlement, including compensation for the injuries suffered by our dishermen at Aspe Bay required. There has been retained from the gross award a sum which is deemed adequate for those claims. The participations of Americans in the exhibition at Melbourne and Sidney will have approving mention in the reports. Two exhibitions are soon to be presented to Congress, and they will disclose the readiness of our countrymen to make successful competition and intact fields of enterprise. Negoriations for international copyright convention are in hopeful progress.

'NDIAN" The surrender of Sitting Bull and his force upon the Canadian frontier has allayed all apprehension; although bodies of hostile Indians still cross the border in quest of sustenance. Upon this question a correspondence has been opened, which promises an adequate understanding. Our troops have orders to avoid, meanwhile, all collisions with Indians. YORKTOWN CELEBRATION.

The presence at the Yorktown celebration of the representatives of the French Republic and descendants of Lafayette and of his gallant com-patriots who were our allies in the Revolution, has served to strongthen the spirit of good will which has always existed between the two particles.

mations.

BI-METALIC CONFERENCE.

You will be furnished with the proceedings of the b imetalic conference held during the summer at the city of Paris. No accord was reached, but a valuable interchange of views was had and the conference will next year be At the Electrical Exhibition and at the Congress also held at Paris, this country was creditably represented by eminent specialists who in the absence of an appropriation generously lent their efficient aid at the instance of the State Department, while our exhibition in this almost distinctively American field of achievements, have won several awards and I recommend that Congress provide for the payment of the personal expenses accurred in the public interest by the honorary commissioners and delegates.

OUR NATURALIZATION LAWS WITH GERMANY.

No new requisition respecting the status of

OUR NATURALIZATION LAWS WITH GERMANY.

No new requisition respecting the status of our naturalization laws with Germany have arisen during the year, and causes of complaint, especially in Alsace and Loraine, have practically ceased, through the liberal action of the Imperial Government in accepting our often expressed views on the subject of the application of the treaty of 1868 to the lately acquired Rhinesh previzees, which has received very earnest attention. A definite and lasting agreement on this point is confidently expected. The participation of the descendants of Baron Von Steuben in the Yorktown festivities, and their subsequent reception by their people with our own.

SPAIN.

Our intercourse with Spain has been friendly An agreement, concluded in February last, fixes a term for the labors for the Spanish and American claims commission. The Spanish government has been requested to pay the late awards of the commission, and will, it is telleved, accede to the requested to pay the late awards of the commission, and will, it is telleved, accede to the request as promptly and courteously as on former occasions. By recent legislation, numerous fines have been imposed upon American shipping in Spanish and Colonial ports for slight irregularities in manifest.

felt. One case of hardship is specially worthy of attention. The bark Mason, bound for Japan, entered Manila in distress and is there sought to be confiscated under spanish revenue laws for an alleged shortage in her transhipped cargo; though efforts for her relief have thus far proved unavailing, it is expected that the whole will be adjusted in a friendly spirit.

RECIPROCAL CONDOLENCE.

RECIPROCAL CONDOLENCE.

The Senate resolutions of condolence on the Czar Alexander Second, were appropriate and communicated to the Russian Government, which, in turn has expressed its sympathy in our late national berevement. It is desirable that our cordial relations with Russia should be strengthened by proper engagements, assuring to peaceful Ame leans who visit the Empire the consideration which is due to them as citizens of friendry States. This is especially needful with respect to American Israelites whose classification with the native Hetrews has evoked energetic remonstrances from this Government. evoked energetic remonstrances from this Gov

Consular agreement with Italy has been sanctioned and proclaimed, which puts at rest conflicts of jurisdiction in the case of crunes on ship board. Several important international conferences have been held in Italy during the year, at the geographical Congress of Venice, the Boniface Congress of Milan, and the Nice Congress of Tu in. This country was represented by delegates from branches of the public service, or by private citizens, duly accredited by it in an honorary capacity. It is hoped that Congress will give such prominence to the results of their participation as they may seem to deserve. m to deserve.

U. S. COLUMBIA. E. S. COLUMBIA.

MForseeing the probable reliance of the British Government on the provisions of the Clayton Bulwer treaty of 1°50, as affording room for a share in the guarantees which the United States covenanted with Columbia four years before, I have not hesitated to supplement the action of my predecessor by propesing to Her Majesty's Government the modification of that instrument and the abrogation of such clauses thereof as do not comport with the obligations of the United States toward Columbia, or with the yital needs of the

The abolition of all discriminating duties sgainst the Hetch Colonial production of the Dutch East the Wisch are imported, sither from Hoff the been already considered by Congress.

It is that at the present session the matter may be favorably concluded. The beeckey of life and property in many lev has given by to the better protect the condemned murderer of the eminent missionary, Dr. Justin W. Parsons, has not yet been executed, although this Government has repeatedly demanded that examplary justice be done.

ed that examplary justice be done.

SWITZERIAND.

The Swiss government has solicited the good offices of our diplomatic and consular agent for the protection of its citizens in country where it is not itself represented. This request has within proper limits been granted. Ou agents in Switzerland have been instructed to protest against the conduct of the authorities of certain countries in permitting the emigration to this country of criminals and other objectionable prisons. Through the co-operation of the Commissioners of Immigration, at New York, several such persons have been sent back by the steamers which brought them. A continuan e of this course may prove a more effectual remedy than diplomatic remonstrance.

BOUMANIA AND SERVIA. Treaties of commerce and navigation and for the regulation of consular privilege, have been concluded with Roumanis and Servia, since their admission into the family of European states. As is natural with contiguous states quying like institutions and like means of ad-ancement and development, the friendship of

the United States and Mexico has been constantly maintained. The Government has lost no occasion of encouraging the Mexican government to a beneficial regluntion of the mutual advantages which will r. sulf from more intimate commercial intercourse, and from the opening of the rich interior of Mexico to railway enterprise. I deem it important that means be provided to restrain the lawlessness unfortunately so common on the frontier, and to suppress the forays of the reservation Indians on either side of the Rio Grande.

The neighboring States of Central America have preserved interval peace, and their outward relations toward us have been those of intimate friendship—the ever encouraging signs of their growing disposition to subor mate their local interest to those which are common to them by reason of their geographical relations. The boundary disputed between Guatemala and Mexico has afforded this government an opportunity to exercise its good offices for preventing a rupture between those States, and for procuring a peaceful solution of the question. I cherish strong hope, that, in view of our relations of amity with both countries, our friendly counsels will prevail.

COSTA RICA.

The Costa' Rican government lately formed an engagement with Columbia, for settling by arbitration, the boundary question between those countries, providing that the post of Arbitrants should be offered successively to the King of the Belgians, the King of Spain, and the President of the Argentine Confederation. The King of the Belgians, has declined to act, but I am not, as yet, advised of the action of the King of Spain. As we have certain interests in he disputed territory which are protected by our treaty engagement with one of the parties, it is important that the arbitration should not, without our consent, effect our rights, and this government has secordingly thought proper to make its views known to the parties to the agreement, so as to intimate them to the Belgian Government.

INTER-OCEANIC WATER WAY.

INTER-OCEANIC WATER WAT.

The questions growing out of the proposed inter-oceanic water way, across the Isthmus of Panama, are of grave national importance. This Government has not been unmindful of the solemn obligations imposed upon it by its compact in 1846 with Columbia as the independent and sovereign mistress of the territory crossed by the canal and has sought to renser them effective by freeh engagements wit the Columbian Republic looking to practical execution of the negotialions. Io this end after they had reached what appeared to be a mutually satisfactorily solution here, were met in Columbia by a disavowal of the powers which its eavoy had assumed, and by a proposal for renewed negotiations on a fortified basis. Meanwhile, this Government learned that Columbia had proposed to the European powers to join in a guaran ee of the neutrality of the proposed Panama Canal, a guarantee which would be in direct contravention of our obligations, as the sole guarantee of the integrity of the Colambian Territory and of the neutrality of the canal itself. My la nented predecssor felt it his duty to place before the European powers the reasons which made the prior guarantee might be regarded as a superfluous and unfriendly act.

This government sees with great concern the

for which the interjection of any foreign guarantee might be regarded as a superfluous and unfriendly act.

This government sees with great concern the continuance of the hostile relations between Chili, Bo iria, and Peru. An early peace between these republies is much to be desired, not only that they may themselves be saved from further misery and blooodshed, but because their continued antagorism threatens consequences which are in my judgment dangerous to the interests of republican governments on this continent, and calculated to destroy the best elements of our free and beaceful civilization, as in the present excited condition of popular feeling in these countries there has been serious misapprehensions of the position of the United States, and as separate diplomatic intercourse with each, through independent ministers is sometimes subject, owing to the want of prompt reciprocal communication to temporary misunderstanding, I have deemed it judic ous at the present time to send a special envoy, accredited to all and each of them, and furnished with general instructions which will, I trust, enable him to bring these powers into friendly relations.

VENEZUELA.

VENEZUELA. The Government of Venezuela maintains its attitude of warm friendship, and continues with great regul rity its payment of the monthly quota of the diplomatic debt. Without surgesting the direction in which Congress should act, I ask attention to the pending questions affecting the distribution of the sams thus received. The relations between Venezuela and France, growing out of the same debt, have been for some time past in an unsatisfactory state, and we dovernment, as same debt, have been for some time past in an assume debt, have been for some time past in an american kinsmen, strikingly evinced the ties of the good will which unite the German people with our own.

SPAIN.

ducing a friendly and harmonious adjustment.

BRAZIL.

I regret that the commercial interests between the United States and Brazil, from which great advantages were hoped a year sgo, have suffered from the withdrawal of the American lines of communication between Brazilian ports and/our own. Through the efforts of our Minister-Resident at Buenos Ayres and the United States at Santiago, a treaty has been concluded between the Argentine Republic and Chill, disposing of the long pending Patagonian boundary question. It is a matter of congratulation that our Government has been offered the opportunity of successfully exerting its good influence for the prevention of disagree ments between the republics of the American continent.

CHINA.

continent.

I am glad to inform you that the treaties lately negotiated with China have been duly ratified on both sides, and the exchange made at the Peking legation is necessary to carry its provision line effect. The prompt and friendly spirit with which the Chinese Government, at the "equest of the United States conceded the modification of existing treaties, should secure careful regard for the interests and susceptibilities of the Government in the enactment of any laws relating to Chinese immigration.

Those clauses of the treaties which forbid the participation of citizens or vessels in the United States in the opium trade will doubtless receive your approval and they will attest the sincere interest which our people and the government have in the commendable efforts of the Chinese government, to put a stop to this demoralizing and destructive traffic. In relation both to China and Japan, some changes are desirable in our present system of consular jurisdiction. I hope at some future time to lay before you a scheme for its improvement in the entire cast. OPIUM TRADE.

dawaii.

The King of Hawaii, in the course of his homeward return after a journey around the world, has lately visited this country. While our relatious with that kingdom are irlendly, this agreement has revived with concern the efforts to seek replenishment of the diminishing population of the islands from outward sources to a degree which may impair the native sovereign independence in which the United States was among the first to testify a lively interest.

AUSTRIA AND OTHER GOVERNMENTS.

Relations of uniunpeached amity have been maintained throughout the year with the respective governments of Hungary, Belgium, Mustria, Denmark, Hayti, Para uay, Utuguay, Portugal, Swe en and Norway, and this may also be eat of Greece and the Equator although our relations with these states have for some years been servered by the withdrawal of appropriations for diplomatic representatives, at

Athens and Quitto. It seems expedient to re-store these missions, even on a reduced, scale, and. I decidedly recommend such a course with respect to Equador, which is likely, in the near future, to riay an imposiant part among the nations of the South Pacific.

nations of the South Pacific.

CODE OF INTERNATIONAL RULES.

At its last extra session, Congress called for the text of the Geneva Convention, for the reliet of the wounded in war. I trust this action foreshadows such interest in the subject as will result in the adhesion of the United States to that humane and commendable engagement

States to that humane and commendable engagement

I invite your attention to the propriety of adopting the new code of international rules for the prevention of collisions on the high seas, a diconforming the domestic legislation of the United States thereto, so that no conflicting vessels of different nationalities meeting in tidal waters. These international rules differ but slightly from our own. They have been adopted by the Navy Department for the govern ment of the war ships of the United States on the high seas, and in foreign waters and through the action of the State Department in disseminating the rules, and in acquainting the shipmasters with the option of conforming to them throughout the jurisdictinoal waters of the United States, they are now generally known and obeyed.

Thade reports.

thus rendered substantial service to the nation.

The International Sanitary Conference to which I have referred, adopted a form of a bill of health to be used by all vessels seeking to enter the ports of the countries whose representatives participate in its deliberations. This form has been prescribed by the National Board of Health, and incorporated with its rules and of Health, and incorporated with its rules and appropriate which have been approved by me of Health, and facotporated with its rules and regulations which have been approved by me in parsuance of law. The health of the people is of supreme importance; all measures looking to the preservation against the spread of contagions diseases, and to the increase of our sanitary knowledge for such purposes, deserve the attention of congress.

THE REPORT OF THE SECRETARY OF THE TREASURY

For expenditures on account of the District of Columbia.....
For interest on the public debt For premiums on bonds purchased.....
Total ordinary expenditures.....
Leaving a surplus of revenue.

Leaving a surplus of revenue of 404.98, which was applied as follows: From profits on coluage 3, From revenue of the District of Ceiumbia 2, From miscellaneous sources 6, Total ordinary receipts

The ordinary expenditures for the same eriod were: For civil ex: enses For fereign intercourse For Indians For inmais:
For pensions
To the redemption of bonds for
the sinking fund.....
F actional currency for the sinking fund,
Loan of Feb., 1861,
10 40s of 1864,
5-20s of 1864. -20s of 1862,

Loan Ademnity stock,
Old Chand compound interest
any other notes,
Another the increose of cash in
the Treasury,

states in the option tende will doubtless receive your approval and they will attest the sincere interest which our people and the government have in the commendable efforts of the Chinese government, to put a stop to this demoralizing and destructive traffic. In real to both to China and Japan, some changes are desirable in our present system of consultant time to lay before you a scheme for its improvement in the entire cast.

APAN.

The intimacy between our country and Japan. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this provided for during the previous flexul year. The sum of \$74,480,201.5 was applied to this year. The sum of \$74,480,201.5 was applied to this year. The sum of \$74,480,201.5 was applied to this year. The sum of \$74,480,201.5 was applied to this

red to in the Secretary's report.

Of the fifteen millions of fractional currency still outstanding, only about e ghty thousand is as been redeemed the past year. The suggestion that this amount may properly be dropped from the future statements of the public debt seems worthy of approval. So also does the suggestion of the Secretary as to the advisability of releasing the calendar of the United States Courts in the Southern disdistrict of New York, by the transfer to another tribunal of the numerous suits there pending against the collectors.

CUSTOM REVENUES. CUSTOM REVENUES.

The revenue from customs for the past fiscal year, was \$191,996,760, an increase of \$11,637,-611.42 over that of the preceeding year; \$138,-098,562.39 of this amount was collected at the port of New York, lewing \$55,857, 197.61, as the amount collected at all the other ports of the country. Of this sum \$47,977,127 63 was collected on sugar and molasses; \$27,285,624,-78 on wool and its manufactures; \$91,682,534.

34 on iron and steel and the manufactures thereof; \$19,038,655.51 on manufactures of silk;
\$10.825,115.21 on manufactures of cotton, and
\$6,469,648 34 on wines and spirits, making a
total revenue from these sources of \$133,053,720.81. The expenses of collection for the past
year were \$641,934.20—an increase over the
preceding year of \$387,410.04. Notwithstanding the increase in revenue from customs over
the preceding year, the gross value of the imports, tredualing free goods, decreased over
twenty-five millions of dollars. The marked
decrease was in the value of unmanufactured
wool, \$14,023,624, and in that of scrap and pig
iron, \$12,810,671. The value of the imports
of sugar, on the other hand, showed
an increase of 7,457,474; of steel rails, 4,345,521;
of barley, 2,153,204, and of steel in bars, in
gots, etc. 620,046. Contrasted with the imports were as follows: Demestic merchandise,
9,688,925,947; foreign merchandise, 18,451,369.
Total, 902,377,946.

Imports of merchandise, 142,694,628.

Imports of merchandisc, 142,664,628, Excess of exports over imports of merchan-disc, 57,712,718. Aggregate of exports and im-ports, \$15,440,419.74.

govern ment of the war ships of the United States on the high seas, and in foreign waters and through the action of the State Department; in disseminating the rule, and in acquainting the shipmaters with the option of conforming to them throughout the jurisdictional waters of the United States, they are now generally known and obeyed.

The State Department still continues to publish to the country the trade and manufacturing reports received from its officers abroad. The success of this course warrants its continuance, and such appropriations as may be required to meet the rapidly increasing demand for those publications. With special reference to the Atlanta cotton exposition, the October number of the reports was devoted to a valuable collection of papers on the cotton goods trade of the world.

INTER-NATIONAL SANITARY CONFERENCE.

The International Sanitary Conference for which in 1579, Congress made provision, assembled in this city early in January last, and is reached no specific conclusion affecting the future action of the participant powers, the interchange of views proved to be most valuable. The full protocol of the sessions were prolonged until March, slithough it reached no specific conclusion affecting the future action of the participant powers, the interchange of views troved to be most valuable. The full protocol of the sessions have been already presented to the Senate Space of the protocol of the sessions have been already presented to the Senate Space of the Congress, and approved March 3d, 1879. Its sphere of duty was enlarged by the acts of June 2d, in the same year. By the last hames as night be decented necessary for preventing the introducti n of contagious or infectious diseases from foreign countries into the United States, or from one State into another. The execution of the rules and requisitions prepared by the Board and approved by my predecessor has done much to arrest the progress of epidemic diseases, and has thus rendered substantial service to the nation. The International Sa the "six per centum bonds" were continued at the lower rate, and \$17,633,250 were redeemed. In the month of May a like notice was given respecting the redemption or continuance of \$439,841,350 of five per cent. bonds outstanding, and of these \$401,504,380 were continued at three and one-half rer centum per annum, and \$38,336,450 redeemed. The six per cent. bonds of the loan of February, 1861, and of the war debt, amounting to \$14,125,800 having matured during the year, the Secretary of the Treasury gave notice of his intention to redeem the same, and such as have been presented have been paid from the surplus revenue. There have also been redeemed, at par, \$16,179,100 of the three and one-half per cent. "continued" bonds, making a total of bonds redeemed, or which have ceased to bear interest (estimated), during the year, of \$123,909,650.

The reduction of the annual interest on the

THE REPORT OF THE SIGRETARY OF THE

TREASURY

represents in detail a bighly satisfactory exhibit of the state of the finances and the condition of the various branches of the public service administered by that Department. The ordinary resources from all sources for the steal year ending June 30, 1881, were:

From customs

From internal revenue

135,264,885 51
From public lands

S198,350,670,02
From public lands

From sinking fund for Pacific railroad com; anies

From sinking fund for Pacific railroad com; anies

From customs fees, fines, penalties, etc.

From fees, consular letters patent and ands

From proceels of sales of Government property

From the military establishment, including river and harbor improvements and arsenals.

40,486,460.55
For the maval establishment, including reseals, machinery, and improvements at navy yards.

41,857,280.51

The reduction of the annual interest on the public debt through these transactions is as follows: by reduction of interest to 3½ per centum bonds being payable at the pleasure of the government, are available for the investment of the surplus revenue without the payment of the prevenue at the power ment, are available for the investment of the surplus revenue without the payment of the premiums. Unless these bonds can be refunded at much lower rate of interest than they now bear, 1,225,514.86

From proceels of sales of Government property

From the sale of the finances and the condition of the reduction of the annual interest on the public debt through these transactions is as follows: by reduction of interest to 3½ per centum bonds being payable at the pleasure of the government, are available for the investment of the surplus revenue without the payment of the premiums. Unless these bonds can be refunded at much lower rate of interest than they now bear, 1,225,514.86

From free, consular letters patent and ands

From free, c

the annual receipts and expenditures should continue as at present, the entire debt would be paid in ten years. In view, however, of the beat of the service of taxation which our people have already borne, we may well consider whether it is not the part of wisdom to reduce the revealence of the continue as at present, the entire debt would be paid in ten years. In view, however, of the best would be paid to the revealence of the part of wisdom to reduce the revealence of the service of the debt. It seems to me that the time has a reveal of the debt. It seems to me that the time has a reveal of the debt. It seems to me that the time has a reveal of the debt. It seems to me that the time has a reveal of the debt. It seems to me that the time has a reveal of the public service. This may be readily allored. I therefore concur with the Secretary in recommending the abolition of all internal revenue taxes, except those upon tobacco in its various forms, and upon distilled or fermenated liquors, and except also the special tax upon the manufactures and of dealers in such articles. The intention of the latter tax is desirable, as afforting the officers of the government a proper supervision of these articles for the preservation of fraud. I arree with the Secretary of the results of the properties of the properti

at this session, ac ammission, such as was lately approved by the Senate and now recommended by the Secretary of the Treasury, would doubtless lighten the labors of Congress whenever this subject shall be brought to its considera-

this subject shall be brought to its consideration.

The accompanying report of the Secretary of War, will make known the operations of the department for the past year. He suggests measures for promoting the efficiency of the army without adding to the number of its officials, and recommends the legislation necessary to increase the number of enlisted men to thirty thousand, the maxim allowed by law. This he deems necessary to maintain quetness on our ever shifting frontier to preserve peace and suppress disorder and marading in new settlements, to protect settlers and their property against the indians, and the Indians against the encreachments of intruders, and to enable peaceable emigrants to establish homes in the most remote parts of our country. The army is now necessarily scattered over such a vast extent of territory that whenever an outbreak occurs reenforcements must be hurried from many quarters over great distances and always at heavy cost for transportation of men, horses, wagons and supplies. I concur in the recommendation of the Secretary for increasing the army to the strength of 30,000 enlisted men. It appears by the Secretary's report that in the absence of disturbance on the frontier the troops have been actively employed in collecting Indians hitherto hostile and locating them on their proper reservations, that Sitting Bull and his adherents are now prisoners at Fort Randall; that the Utes have been moved to their new reservation in Urah; that during the recent outbreak of the Apaches it was necessary to renorment of the proper reservations from Arizona by troops withdrawn from New Mexico, and that some

Apaches are now held as prisoners for trial. While some have escaped and the majority of the tribe are now on their rese vation. There is need of egislation to prevent interruption upon the lands set apart for the Indians. A large military force, at great expense is now required to patrol the boundary lines between Kansas and the Indian Territory. The only punishment that at present is inflicted is the forcible removal of the intruder and the imposition of a pecuniary line, which, in most cases, it is impossible to collect. There should be a penalty by imprisonment in such cases.

The separate organization of the signal serbice is urged by the Secretary of War, and a full statement of the advantages of such permanent organization is presented in the report of the Chief Signal Officer. A detailed statement of the usual work performed by the Signal Corps and the Weather Bureau is also given in that report. I ask attention to the statements of the Secretary of War regarding the requisitions frequently made by the Indian Bureau upon the subsistance department of the army for the casual support of bands or tribes of Indians for which the appropriations are exhausted. The War Department should not be left by reason of inalequate provision for the Indian Bureau to contribute for the maintenance of the Indians.

The report of the Chief Eug neer furnishes a detailed account of operations for the Improvement of rivers and harbors. I commend to your attention the suggestions contained in this report in regard to the condition of our fortifications, especially our coast defendes, and recommend an increase of the strength of the engineer battallon, by which the efficiency of our torpedo system would be improved. I also call your attention to the remarks upon the improvement of the South pass of the Mississippi river, the proposed free bridge over the Potomac river at Georgetown, the importance of completing, at an early day, the north wing of the Department for the fiscal year, ending June 30, 1881, were \$44,541,276.91.

Th

prosperity had fairly begun. The whole number of letters mailed in this country in the last fiscal year exceeded one thousand militions. The registry system is reported to be in excellent condition, having been remodeled during the past four years with good results. The amounts of registration fees collected during the last fiscal year, ending June 30, 1881, was \$34,544,340. The entire number of letters and packages registered was \$,338,949, of which only 2,061 were destroyed or lot the transit. The operations of the money order system are multiplying yearly. tiplying yearly.

Under the moulse of immigration, of the rapid development of the newer States and ter-Under the music of immigration, of the rapid development of the newer States and territories, and the consequent demand for additional means of inte-communication and exchange during the past year, 338 additional money order offices have been established, making a total of 5.456 in operation at the date of the report. During the year the domestic money orders aggregated in value, \$105,075,779.35. A modification of the system suggested reducing the fees for mon-y orders not exceeding five dollars, from ten cents to five cents, and making the maximum limit one hundred dollars in place of fifty dollars, and legislation for the disposition of unclaimed money orders in the possession of the Fostofflee Department, is recommended in view of the fact that their total value exceeds one million dollars. The attention of Congress is again pointed to the subject of establishing a system of savings departments in connection mi non dollars. The attention of Congress is again pointed to the subject of establishing a system of savings departments in connection with the Postefilee Department the statistics of mail transportation show that during the past year railroad routes have been increased in length 6,244 miles, and in cost \$1,114,382, while steamboat routes have been decreased in length 2,182 miles, and in cost \$134,054; the so-called Star Koutes have been decreased in length 3,449 miles, and in cost \$34,144; nearly all of the more expensive routes have been superceded by railroa i service; the cost of the Star Koute must decrease in the Western States and Territories. The P-stmaster-General, however, calls attention to the constantly increasing cost of the railway mail service as a serious difficulty in the way of making the department self-sustaining. Our postal intercourse with foreign countries has kept pace with the growth of the domestic service within the past year. Several countries and colonies have declared their athesion to the postal union. It now includes all those which bave an organized postal service. those which bave an organized postal service, except Bolivia, Costarica, New Zealand, and the Rritish colonies in Australia. As habeen already stated, great reductions have recently been made in the expenses of the star route service. service.

already stated, great reductions have recently been made in the expenses of the star route service.

The investigations of the department of justice and the Postoffice department have resulted in the presentation of indictments against persons formerly connected with that service, accusing them of offeases against the United States. I have enjoined upon the officials who are charged with the conduct of the cases on the part of the government and upon the emminent counsel who, before my accession to the Presidency, were called to their assistance, the duty of irosecuting with the utmost rigor of the law, all persons who may be found chargeable with frauds up a the postal service.

The acting Attorney General calls attention to the necessity of modifying the present system of the courts of the United States as a necessity due to the large increase of business, especially in the Supreme Court. Litigation in our Federal tribunals became greatly expanded after the close of the late war. So long as that expansion might be attributable to the abnormal condition in which the community found itself immediately after the return of peace, prudence required that no change be made in the constitution of our judicial tribunals, but it has now become apparent that an immense increase of litigation has directly resulted from the wonderful growth developed by the country. There is no ground for belief t at the business of the United States Courts will be less in volume than at present. Indeed, that it is likely to be much greater is generally recognized by the bench and bar. In view of the fact that Congress has already given much consideration to this subject, I make no suggestion as to detail but express hope that your deliberations may result in such legislation as will give early relief to our overburdened courts.

The acting Attorney General also calls attention to the disturbances of the public tranquillity during this past year in the Territory of Arizona. A band of armed desperadoes, known as "cowboys." probably numberi

the exigencies of the case. I am embarrassed by lack of authority to deal with them effectually. The punishment of crimes committed within Arizona should ordinarily, of course, be left to the Territorial authorities, but it is worthy of consideration whether the acts with neighboring governments should not be declared as crimes against the United States with neighboring governments should not be declared as crimes against the United States with neighboring governments should not be declared as crimes against the United States with neighboring governments should not be declared as crimes against the United States some of the incursions alluded to may perhaps be within the scope of the law. Revised statute, section 5256, forbidding military expeditions or enterprises against friendly States.

But in view of the speedy assembling of your body, I have preferred to awat such legislation as in your wisdom the occasion may seem to demand. It may perhaps be thought proper to provide that the setting on foot within our own territory of brigandage and armed marauding expeditions against friendly nations and their citizens shall be punishable as an offense against the United States. I will add that in the event of a request from the territorial government would be powerless to render assistance. The act of 1705, chapter 36, passed at a time when territorial governments eccived little attention from Congress, enforced this duty of the United States only as to State governments, but the act of 1807, chapter 30, applies also to territories. This law seems to have remained in fo ce until the revision of the statutes when the provision for the territories was dropped. I am not advised whether the aiteration was intentional or accidental, but as it seems to me that the territories should be

dropped. I am not advised whether the alteration was intentional or accidental, but as it seems to me that the territories should be offered the protection which is accorded to the States by the constitution. I suggest legislation to that end.

It seems to me that whatever views may prevail as to the policy of recent legislation by which the army has ceased to be a part of the posse comitatus, an exception might well be made for permitting the military to assist the civil Territorial authorities in enforcing the laws of the United States. This use of the army would not seem to be within the alleged evil against which that legislation was atmed. From the sparseness of the population and other circumstances it is often quite impossible to summon a civil posse in places where the officers of justice require assistance and where a military force is within easy reach.

The report of the Secretary of the Interior

within easy reach.

The report of the Secretary of the Interior with accompa ying documents presents an elaborate account of the business of that department. A summary of it would be too extended for this place. I ask your attention to the report itself. Prominent among the matters which challenge the attention of Congression. which be convened to devise suitable measures for increasing the efficiency of the navy, and particularly to report as to the claracter and number of vessels necessary to place it upon a footing commensurate with the necessities of the Government. I cannot too strongly urge upon you my conviction that every consideration of National safety, economy and honor imperatively demand a thorough rebail littation of our navy. With a full appreciation of the fact that a compli nee with the suggestion of the head of the department and of the Advisory Board must involve a large expendit ure of the public moneys, I carnestly recommend such appropriations as will accomplish, and which seems to be so destrable. Nothing can be more inconsistent with true economy than withholding the means necessary to accomplish the objects entrusted by the Constitution to the National Legislath e. Ore of these objects, and one which is of paramount importance, is drafted by our fundamental law to be the provision for the "common defenses".

We have for many years maintained with foreign governments the relations of honorable peace, and that such relations may be permanent of the borders of civilized settlements, A summary of it would be too extended for this place. I ask your attention to the report itself. Prominent among the winther report itself. Prominent among the winther report itself. Prominent among the winth report itself. Prominent among the winther report itself. Prominent among the winth report itself. Prom

their rights and holding to their responsibilities. There is imperative need for legislative action, and my suggestions in that respect will be chiefly such as have been already called to the attention f Congress, and have received to some extent is consideration.

its consideration.

1st. I recommend the passage of an actimaking the laws of the various states and territories applicable to the Indian reservations within their borders, and extending the laws of the State of Lrkansas to the portion of Indian Territors not occupied by the five civilized tribes. The Indian should receive the protection of the law. He should be allowed to maintain in court his rights of person and property. He has repeatedly begged for this privilege. Its exercise would be very valuable in his progress toward civilization.

2d. Of even greater importance is the measurement.

civilization.

2d. Of even greater importance is the measure which has been frequently recommended by my predecessors in office, and in furtherance of which several bills have been from time to time introduced in both houses of Congress. The enactment of a general law perm tring the allotment in severalty to such Indians at least as desire it of a reasonable quantity of land, secured to them by patent, and for their own protection and made allonable from twenty or twenty-five years, is demanded for their present wenty-five years, is demanded from twenty of twenty-five years, is demanded for their present welfare and their p-rmanent advancement. In return for such considerate action on the part of the Government there is reason to believe that the Indians in large numbers would be persuaded to sever their tribal relations and to persuaded to sever their tribal relations and to engage at once in agriculture. Days we over, and that it is now for their best interests to conform their manner of life to the new order of things. By no greater inducement than the assurance of the permanent title of the soil can they be led to engage in the occu-pation of tilling it. The well-attested reports of their increasing interest in husbandry jus-tify the hope and belief that the enactment of such a statute as I recommend would be at

called to the decision of the Supreme Court of the United States, explaining its judgment of the reversal of the case of Miles, who had been convicted of bigamy in Utab. The court refers to the fact that the secrecy attending the celebration of merriages in that Territore, means that proving the fact of polygamy is very difficult, and the propriety is suggested of modifying that law of evidence which now makes a wife incompetent to testify against her husband. This suggestion is approved. I recommend. Also, the passing of an act providing that in the Territories of these United States, the fact that a woman has been may ried to person charged with bigamy shall disqualify her as a witness upon her trialize that offense. If further recommend legislation by which any person solemnizing a marriagela any of the territories, snail be required, under stringent penalities for neglect or refusal/2; the certificate of such marriage in the Supreme Court of the Territory, unless Congress may devise other practicable measures for by viating the difficulties which have inthertory: tended the efforts to suppress this intiguty, assure you of my de ermined purpose to cooperate with you in any lawful and discreet measures which may be proposed to that end.

Although our system of government does not contemplate that the Nation should provide or support a system for the coluction of our people, no measures calculated to promote that general intelligence and vitue upon which the perpetuity of our institutions so greatly depends, have ever been regarded with indifference by Congress or Executive. A large portion of the public domain has been from time to time devoted to the promotion of education. Many who now exercise the right of suffrage are unable to read the bailot which they cast. Upon many who bad just emerged from a condition of slavery were suddenly devolved the responsibilities of citizenship in that portion of the country most impoverished by war. I have been pleased to learn from the report of the Commissioner of Educat

seawers of increasing the efficiency of the charmen of the properties of the thorough of the properties of the speedy settlement of the claims now on the files of the pension office, it is no less im ortant on the score of economy, inasmuch as fully one third of the clerical force of the office is now wholly occupied in giving attention to correspondence with thousands of claimants whose cases have been on file for the past eighteen years. The fact that a sum so vast may be expended by the government to meet demands for arrears of pensions is an admonition to Congress and the Exective to give cautious consideration to any similar project in the future. The great temptation to the presentation of ficticious claims afforded by the fact that the average sum obtained upon each application is \$1,300, leads me to suggest the propriety of making some special appropriation for the prevention of fraud.

I advise appropriations for such intern-

tion for the prevention of fraud.

I advise appropriations for such internal improvements as the wisdom of Congress may seem to be of public importance. The necessity of improving the navigation of the Misissippi river justifies a special allusion to that object. I suggest the adoption of some measure for the renoval of the obstructions which now impede the navigation of that great channel of commerce.

which now impede the navigation of that great channel of commerce.

CIVIL SERVICE.

In my letter accepting the nomination for Vice-President, I stated that in my judgment "no man should be the incumbent of a office the duties of which, for any cause, unfit to perform—who is lacking in the ability, fidelity or integrity which a proper administration of such office demands." This sentiment would doubtless meet with general acquiescence, but opinion has been widely divided upon the wisdom and practicability of the various reformatory schemes which have been suggested of certain proposed regulations governing re-appointments to public office. The efficiency of such regulations has been mistrusted mainly because they have seemed to exact more educational and abstract tests as to general business capacity, and even special than the assurance of the permanent title of the soil can they be ide to engare in the occupation of tilling it. The well-attested reports of the college of